

OFFERING DOCUMENT GUIDELINES

An Offering Document needs to contain full disclosure of all facts and information that an investor not connected with, or otherwise knowledgeable about the issuer would want to know in order to make an informed investment decision. Such disclosures should include, but not be limited to the following:

- (1) Current name, address, telephone/fax number, and e-mail or web page of the issuer; the form of business organization (corporation, partnership, LLC, etc.); date and jurisdiction of incorporation or formation, and the date of the Offering Document.

- (2) The following information in tabular form, located on the front cover page of the Offering Document:

Offering Price	Underwriters' or Sellers' Concessions or Discounts	Net Offering Proceeds to Issuer or Others
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- (3) Aggregate amount and type of securities offered; aggregate offering price to the public; aggregate underwriting discounts or commissions; total amount of expenses to the issuer, with the amount of underwriters' expenses to be borne by the issuer, if any, broken out separately. If the securities are offered for other than cash, state what consideration will be paid.
- (4) If the offering is not firmly underwritten, describe the method by which the offering is to be made, including details as to escrow of proceeds or securities, and describing all material relationships between the issuer and any of the escrow agents or underwriters.
- (5) A "Use of Proceeds" section of the Document needs to make a tabular display of the planned uses, with each separate use, its dollar amount, and its percentage of the total, listed as line items, in descending order of their priority. Each use listed as a line item needs to be described in detail in the textual portion of this section.
- (6) Description of the background and expertise of the issuer in the particular business or field of endeavor.
- (7) Detailed description of all Risk Factors inherent, apparent, likely, or conceivable to the success of the issuer and its business, or the market value of the securities.
- (8) Description of the business, in particular, and the industry, in general:
 - (a) Nature of the issuer's present or proposed products or services, and the principal markets.
 - (b) Location, character, and condition of the issuer's physical property, now owned or to be acquired, and the nature of the issuer's interest therein.
 - (c) For new inventions or processes, state how they are to be used, and whether protected by patents or copyrights, with appropriate serial numbers.
- (9) Specify the following:

- (a) Names and percentage of ownership for all officers, directors, and shareholders with a 10% or greater interest in the issuer. If the issuer was formed within the last year, provide similar information for all promoters.
- (b) Aggregate annual compensation from all sources (including bonuses, car allowances, etc.) for all officers and directors of the issuer collectively, and individually for the three highest paid officers for the most recent year.
- (c) Describe the duties of each officer of the issuer, as well as those of all “key” employees (those employees if any without whom operations would be impaired).

(10) Current financial statements must be provided as an exhibit; these statements need not be audited, but they must be verified as true in all material aspects, within the actual knowledge of the issuer’s Chief Financial Officer. “Current” is defined as dated no more than four (4) months earlier than the date of the Offering Document.

(11) A “Certain Transactions,” or “Certain Relationships” section of the Document needs detailed disclosures and descriptions of any and all business transactions or arrangements, past, present, or planned, that may occur, or have occurred, between the issuer and/or any of its affiliates, and any “related parties,” defined as any officer, director, 10% or greater shareholder of the issuer, or any entity who controls, is controlled by, or is under the common control with the issuer or any of its affiliates.

(12) The placement of a legend on the cover (Ex: “The Securities represented in this memorandum are being sold pursuant to a claim of exemption from the registration requirement of the Kentucky Securities Act and may not be sold or transferred without compliance with the registrations provisions of applicable securities laws or exemptions therefrom).

(13) Investor suitability (Ex: If the offering applies to accredited investors; the financial requirements to be deemed an accredited investor).

(14) Other information important to the investment decision. Example: for offerings of oil and gas interests the following additional information would be relevant:

- (a) Information on the sponsor’s production history (including well locations, initial production, investor cost versus investor payout on completed wells, and number of dry holes drilled).
- (b) An itemization of estimated costs of drilling and completion even if the offering is sold as “turn key.”
- (c) The amount of administrative costs, including salaries and overhead expenses to be paid from the offering proceeds.
- (d) The sources and amounts of any additional funds to be secured for drilling the wells.
- (e) Material tax considerations relevant to a decision to invest in the offering.
- (f) Information on oil and gas regulation, including availability of markets and pricing.
- (g) A summary of all material contracts.
- (h) A summary of the geologist’s opinion.
- (i) An opinion of counsel as to the validity of the lease.
- (j) Information on all forms of compensation paid, or to be paid to the sponsor, or its affiliates, including but not limited to, profits on drilling, revenue interests, royalties, overriding royalties, and operating or management fees.
- (k) Such other information as the Division of Securities may require.